

**State Controller's Office
Personnel and Payroll Services Division**



**Stipulation Guide for the
Departmental Human Resources Office**

**Version 1.0
October 22, 2019**

Prepared for use by the:
Personnel and Payroll Operations Bureau

DATES & TIMELINES	REFERENCES – FORMS	GOV CODES – TOOLS
<ul style="list-style-type: none"> Please refer to SCO’s weekly processing dates. Follow the steps below and submit your documents to SCO as soon as possible – Thank you! 	<ul style="list-style-type: none"> PAM (see sections 5.70, 5.71) PPM SCO Payroll Letters CalHR Manual SPB Appeals Procedures STD 674, 674 A/R, 674 D 	<ul style="list-style-type: none"> Gov Codes on Adverse Action 19570-19589, 19180, 19584, 20636 Paycheck Calculator

Employee Name: Employee SSN:	Statewide Customer Contact Center (SCCC) (916) 372-7200
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ABOUT THIS GUIDE: This Guide supports the departmental human resources office in processing a stipulation. For processing some stipulations you may need additional information (see the Forms-Manuals-FAQs above or call the SCCC).

1. REVIEW THE SPB APPROVED STIPULATION OR AGREEMENT

- Review the stipulation/agreement** (look for pertinent details and highlight them)
 - What exactly is the outcome or result in the stipulation (e.g., an award such as back pay, reduced or modified adverse action, etc.)? _____
(If the stipulation is not clear, consult your departmental legal office.)
 - Match transaction dates in PIMS against the information on the stipulation.
 - Contact CalPERS to update the employee’s health enrollment history. (see *Note 3, p. 3)

Ask Yourself Checklist

- Is back pay due? (see the stipulation; review [19180](#) and [19584](#)) **Y / N**
If Yes, complete Std. 674 - see step 4 on p. 2.
 - Did the employee receive outside earnings? (see *Note 1, p. 3) **Y / N**
 - Is the employee due interest? (see *Note 2, p. 3) **Y / N**
 - Are benefits and/or miscellaneous deductions supposed to come out of the pay? **Y / N**
 - Did the employee receive lump sum? (see *Note 1, p. 3) **Y / N**
 - Do any transactions need to be ‘eliminated’? (see *Note 4, p. 3) **Y / N**
- Also, if the stipulation contains one or more of the following errors, it must be sent back to your departmental legal office for the error(s) to be corrected; only then may you process the stipulation.
 - Effective dates in the stipulation do not match (e.g., If the stipulation says 6 months, and it also states a start and stop date, these must match.)
 - Verify that effective dates are addressed accurately in the stipulation:
 - “Business days” and “working days” refer to the days that state departments are open for business (e.g., Monday through Friday, including holidays);
 - “Days” refers to all calendar days (i.e., all seven days of the week), unless otherwise indicated.

2. DOCUMENTING THE PAR/PPT (To update employee records in Employment History) – See [PAM](#)

- When documenting the PAR, be sure to avoid the following common mistakes:
 - Is the salary correct? **Y / N**
 - Is item 215 correct? **Y / N**
 - Is item 603 entered? **Y / N**
 - Is item 606 entered and correct? **Y / N**
 - Is a 952 code indicated? **Y / N**
 - Does item 645 and the A03 date agree? **Y / N**
 - If the stipulation did not go through SPB and is an agreement between the Department and the employee, verify that “agreement between department and employee” is indicated in box 10? **Y / N**
 - If an S85 is replacing an S41, verify that the S85 is COB. **Y / N**
 - If PUN is being modified and the stipulation states a specific number of qualifying pay periods, please indicate the number of qualifying pay periods (QPPS) in Item 215 (e.g. PUN modified from 12 to 6 QPPS; item 215 should reflect 6 QPPS).
 - Be sure that the PAR is signed and dated. **Y / N**
 - Be sure there is a contact number. **Y / N**
- All stipulation transactions must be keyed by SCO.

3. SUBMIT ALL DOCUMENTS TO SCO (SEND ONLY A COPY, keep all originals)

- The entire SPB approved stipulation or agreement (including cover letter – single-sided)**
- The PAR/PPT**
- Your supervisor/senior staff member should approve the documents prior to submission to SCO.
- Keep all original documents (SCO cannot provide copies of stipulation documents)

4. DOCUMENTING OTHER FORM(S) PERTINENT TO THE STIPULATION/AGREEMENT

- Besides the PAR, three of the most commonly used forms in stipulations are below. Is one or more needed for this stipulation (note: one is completed for each pay period)?
 - [Std. 674 Payroll Adjustment Notice](#) – Used to request lump sum, regular pay, benefits, and misc. deductions **Y / N**
 - [Std. 674 A/R Payroll Adjustment Notice – Accounts Receivable](#) – Used to establish Accounts Receivables for lump sum, regular pay, benefits, and retirement **Y / N**
 - [Std. 674 D Industrial/Non Industrial/State Disability Pay/Adjustment Request](#) – Used to request disability payments or establish Accounts Receivables **Y / N**
- Do not send any Std. 674s with the stipulation and PAR**; SCO’s Statewide Stipulation Program will contact the department with instructions for submitting Std. 674s.
- When contacted by SCO’s Statewide Stipulation Program regarding the 674, make sure that direct deposit is cancelled.
- Pay will issue in current tax year; however, if an A/R is established, a corrected Form W-2 may be issued (see PPM [I 705](#) for more information on corrected Form W-2/Form W-2C).
- Until you are informed by SCO’s Statewide Stipulation Program that the stipulation is closed, please do not key any PAR/Payroll transaction for the employee (as doing so could result in incorrect pay).

* **Note 1:** Outside earnings is the amount of money that an employee made from working at any other entity other than the state employment during the time frame that an employee was dismissed from state service. When an employee wins their stipulation case and is due back pay from when the stipulation was in effect the outside earnings must be calculated and applied to the pay that will be issued to the employee. The employee must supply the department with a copy of W-2's or tax forms showing how much they made during the time frame the employee was dismissed from state service, this dollar amount is then divided among the pay periods that should be issued to the employee, once the department has determined the dollar amount for each month, the salary gross will then be reduced by this dollar amount when the pay is being keyed at SCO; however the retirement contributions will be based on salary full for that pay period. Please note that the first 6 months of outside earnings are not included in the calculation; include only the outside earnings as of the 7th month.

* **Note 2:** It is the department's responsibility to pay any interest that is awarded per stipulation. Interest payments cannot be paid through the payroll system; please contact your departmental accounting office to proceed with issuing payment of interest. When back pay is awarded under G.C section 19584, the SPB uses an interest rate of 7% per annum. Typically, the interest rate is specified in the Board's decision, but if it is not it is presumed to be 7%. For settlement agreements that were negotiated by the parties and that do not clearly indicate that interest is to be paid, your legal unit should be contacted. For more information, see California Code of Regulations - Title 2. Administration - Division 1. Administrative Personnel - Chapter 1. State Personnel Board - Subchapter 1.2. Hearings and Appeals - Article 6. Evidentiary Hearing Process - [Subarticle 6 - Section 61](#)

* **Note 3:** It is the department's responsibility to contact the CalPERS Health Enrollment Unit (at: ERReview@calpers.ca.gov or 888-225-7377) to update the employee's health enrollment history. This is a crucial part of the stipulation, and back pay cannot be issued until the employee's CalPERS health enrollment history has been updated. An example of this update process: An employee is dismissed from state service effective 06/01/19, then per the stipulation/agreement is put on a suspension effective 06/01/19, with the employee returning to work effective 10/01/19. CalPERS health enrollment history for that employee must be updated to reflect those transactions. For this to happen, the departmental human resources representative should contact the CalPERS Health Enrollment Unit and request that they "cancel coverage due to permanent separation (S41 transaction) effective 06/01/19" be rescinded, then it would be replaced by an "off pay status due to suspension (S85 transaction) effective 06/01/19", and finally a "return to work (A03 transaction) effective 11/01/19." The reason the return to work date in CalPERS is a month after the actual return to work date is that the stipulation unit at SCO will manually key the deductions for the 10/19 pay period, so the benefits need to be effective at the beginning of the very next month.

* **Note 4:** If the department submits a transaction to void, modify, or withdraw per the stipulation/agreement, SCO will key it as an Eliminate. By eliminating the transaction, it will be removed from the Turnaround PAR, but not from EH.

Additional Resources

[SCO Payroll/Personnel Letters](#)

[SCO public website for HR](#)

[California State Forms Directory](#)

About the Stipulation Process at SCO

At SCO, we are committed to timely and accurate processing of personnel and payroll documents. Toward that end, here are some of the steps undertaken by SCO specialists to process the stipulations that you submit:

PARs and modified stipulations are sent to SCO from departmental human resource offices for the Statewide CS Audits Program to audit and key PAR transactions to update Employment History.

- After the PARs are keyed, the stipulation package will be forwarded to the Statewide Stipulation Program within the Statewide CS Payroll Program (Operations) to verify Employment History with Pay History to determine what pay periods need to be corrected by either processing a transfer of funds, issue back pay with deductions, salary adjustments, or establish A/Rs.
- If there is back pay with deductions due, the Statewide Stipulation Program will contact the departmental human resources office to request 674 payroll adjustment notices with the correct deduction information included. Once the 674s are received, the Statewide Stipulation Program will send the health, dental, and vision deductions over to the Statewide Benefits Program for verification, and the miscellaneous deductions will be sent to the Statewide W-2 Program for verification. Both of

these Programs will reestablish the applicable benefits/deductions on the system depending on what the stipulation states should be done.

- Once the benefits/deductions have been verified and sent back to the Statewide Stipulation Program, the back pay can be issued by the Statewide CS Payroll Program.
- The Statewide CS Payroll Program will verify the payroll transactions and notify the departmental human resources office if there are any issues with the pay.
- Once all the pay has issued, the Statewide CS Payroll Program will inform the departmental human resources office that the processing of the stipulation/agreement has been completed.

Updates to the Guide

This Guide will be updated as procedures and policies change. To ensure that you are using the most up-to-date version, always access it via SCO's Web site.

Was this Guide helpful?

Please give us your feedback by completing [this very brief survey](#). DO NOT ENTER TECHNICAL QUESTIONS IN THE SURVEY – rather, contact the [Statewide Customer Contact Center](#) for all technical questions regarding documenting/processing personnel and payroll forms. The information that you provide in the survey will be used to update and improve future versions of the Guide, as well as inform broader support provided by SCO. Thank you!

The purpose of this publication is to provide general information about personnel and payroll topics and is meant solely as a reference source. This publication does not supersede current applicable laws or regulations and is not intended for purposes of providing legal advice. If there is a conflict between applicable law or regulation and the contents of this publication, the law or regulation shall prevail.